

TOWNSHIP OF GREENDALE
Midland County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Greendale	County Midland
Fiscal Year End March 31, 2008	Opinion Date May 29, 2008	Date Audit Report Submitted to State May 31, 2008	

We affirm that:


We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040	
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
		Zip 48707	
Authorizing CPA Signature 	Printed Name Mark J. Campbell		License Number 1101007803

TOWNSHIP OF GREENDALE
Midland County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

May 29, 2008

To the Township Board
Township of Greendale
Midland County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Greendale, Midland County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Greendale's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Greendale, Midland County, Michigan as of March 31, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF GREENDALE
Midland County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

The Management's Discussion and Analysis report of the Township of Greendale covers the Township's financial performance during the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Overall total capital assets remained approximately the same.

Overall revenues were \$357,473.51 from governmental activities with a \$84,973.51 increase in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

TOWNSHIP OF GREENDALE
Midland County, Michigan

CONDENSED FINANCIAL INFORMATION
For the year ended March 31, 2008

	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2007</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2008</u>
Current Assets	337 049	415 245
Capital Assets	<u>26 428</u>	<u>25 133</u>
Total Assets	<u>363 477</u>	<u>440 378</u>
Current Liabilities	15 773	7 670
Non-current Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>15 773</u>	<u>7 670</u>
Net Assets:		
Invested in Capital Assets	26 428	25 133
Unrestricted	<u>321 276</u>	<u>407 545</u>
Total Net Assets	<u>347 704</u>	<u>432 678</u>

	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2007</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2008</u>
Program Revenues:		
Fees and Charges for Services	123 789	108 122
Operating Grants and Contributions	70 901	50 623
General Revenues:		
Property Taxes	39 045	41 687
Other Taxes	2 976	2 976
State Revenue Sharing	125 172	125 897
Interest	8 832	8 726
Miscellaneous	<u>1 256</u>	<u>19 443</u>
Total Revenues	<u>371 971</u>	<u>357 474</u>
Program Expenses:		
Legislative	5 641	6 447
General Government	91 081	90 165
Public Safety	142 592	89 915
Public Works	115 412	80 862
Recreation and Culture	<u>5 448</u>	<u>5 111</u>
Total Expenses	<u>360 174</u>	<u>272 500</u>
Increase in Net Assets Before Transfers	11 797	84 974
Transfers	<u>-</u>	<u>-</u>
Increase in Net Assets	11 797	84 974
Net Assets, April 1	<u>335 907</u>	<u>347 704</u>
Net Assets, March 31	<u>347 704</u>	<u>432 678</u>

TOWNSHIP OF GREENDALE
Midland County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

FUND FINANCIAL STATEMENTS (cont.)

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund and the Solid Waste Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

The Township's cash position remains stable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The Township's General Fund pays for most of the Township's governmental services with total expenditures of \$198,439.92.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$0 in capital assets.

The Township's governmental activities paid \$0 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township at 480 S. Magruder Road, Shepherd, Michigan 48883.

TOWNSHIP OF GREENDALE
Midland County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	390 111 49
Taxes receivable	<u>25 133 32</u>
Total Current Assets	<u>415 244 81</u>
NON-CURRENT ASSETS:	
Capital Assets	65 973 83
Less: Accumulated Depreciation	<u>(40 840 77)</u>
Total Non-current Assets	<u>25 133 06</u>
TOTAL ASSETS	<u><u>440 377 87</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>7 699 95</u>
Total Current Liabilities	<u>7 699 95</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>7 699 95</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	25 133 06
Unrestricted	<u>407 544 86</u>
Total Net Assets	<u>432 677 92</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>440 377 87</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREENDALE
Midland County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2008

		<u>Program Revenue</u>		<u>Governmental Activities</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants - Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS				
Governmental Activities:				
Legislative	6 447 19	-	-	(6 447 19)
General government	90 164 87	9 582 33	-	(80 582 54)
Public safety	89 915 04	7 939 57	50 623 00	(31 352 47)
Public works	80 861 90	90 600 00	-	9 738 10
Culture and recreation	5 111 00	-	-	(5 111 00)
Total Governmental Activities	<u>272 500 00</u>	<u>108 121 90</u>	<u>50 623 00</u>	<u>(113 755 10)</u>
General Revenues:				
Property taxes				41 687 50
Other taxes				2 976 46
State revenue sharing				125 896 51
Interest				8 725 52
Miscellaneous				<u>19 442 62</u>
Total General Revenues				<u>198 728 61</u>
Change in net assets				84 973 51
Net assets, beginning of year				<u>347 704 41</u>
Net Assets, End of Year				<u>432 677 92</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREENDALE
Midland County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2008

	<u>General</u>	<u>Solid Waste</u>	<u>Total</u>
<u>Assets</u>			
Cash in bank	290 748 32	99 240 32	389 988 64
Taxes receivable	6 594 98	18 538 34	25 133 32
Due from other funds	122 85	-	122 85
Total Assets	<u>297 466 15</u>	<u>117 778 66</u>	<u>415 244 81</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts payable	-	7 699 95	7 699 95
Total liabilities	-	<u>7 699 95</u>	<u>7 699 95</u>
Fund equity:			
Fund balances:			
Unreserved:			
Undesignated	297 466 15	110 078 71	407 544 86
Total fund equity	<u>297 466 15</u>	<u>110 078 71</u>	<u>407 544 86</u>
Total Liabilities and Fund Equity	<u>297 466 15</u>	<u>117 778 66</u>	<u>415 244 81</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREENDALE
Midland County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS 407 544 86

Amounts reported for governmental activities in the statement of
net assets are different because –

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the governmental funds balance sheet:

Capital assets at cost	65 973 83
Accumulated depreciation	<u>(40 840 77)</u>

TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES 432 677 92

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREENDALE
Midland County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2008

	<u>General</u>	<u>Solid Waste</u>	<u>Total</u>
Revenues:			
Property taxes	41 687 50	-	41 687 50
Other taxes	2 976 46	-	2 976 46
Licenses and permits	9 401 83	-	9 401 83
State revenue sharing	125 896 51	-	125 896 51
State grants	50 623 00	-	50 623 00
Charges for services – PTAF	2 857 50	-	2 857 50
Charges for services – other	5 262 57	-	5 262 57
Interest	8 513 46	212 06	8 725 52
Special assessments	-	90 600 00	90 600 00
Miscellaneous	19 442 62	-	19 442 62
Total revenues	<u>266 661 45</u>	<u>90 812 06</u>	<u>357 473 51</u>
Expenditures:			
Legislative:			
Township Board	6 447 19	-	6 447 19
General government:			
Supervisor	20 453 89	-	20 453 89
Elections	1 218 31	-	1 218 31
Clerk	9 493 96	-	9 493 96
Board of Review	1 931 10	-	1 931 10
Treasurer	12 557 48	-	12 557 48
Building and grounds	6 381 45	-	6 381 45
Cemetery	10 407 87	-	10 407 87
Unallocated	26 425 38	-	26 425 38
Public safety:			
Fire protection	24 214 00	-	24 214 00
Juvenile justice	50 623 00	-	50 623 00
Planning and zoning	4 906 38	-	4 906 38
Inspection	10 171 66	-	10 171 66
Public works:			
Highways and streets	6 720 00	-	6 720 00
Street lighting	1 177 25	-	1 177 25
Drains	200 00	-	200 00
Sanitation	-	72 764 65	72 764 65
Culture and recreation:			
Library	5 111 00	-	5 111 00
Total expenditures	<u>198 439 92</u>	<u>72 764 65</u>	<u>271 204 57</u>
Excess (deficiency) of revenues over expenditures	68 221 53	18 047 41	86 268 94
Fund balances, April 1	<u>229 244 62</u>	<u>92 031 30</u>	<u>321 275 92</u>
Fund Balances, March 31	<u>297 466 15</u>	<u>110 078 71</u>	<u>407 544 86</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREENDALE
Midland County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 86 268 94

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(1 295 43)
Capital Outlay	<u>-</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES 84 973 51

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Greendale, Midland County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Greendale. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 tax roll millage rate was 1.1653 mills, and the taxable value was \$35,128,074.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	50-100 years
Equipment	5-10 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three financial institutions for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>390 111 49</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	230 401 25
Uninsured and Uncollateralized	<u>163 290 75</u>
Total Deposits	<u>393 692 00</u>

The Township did not have any investments as of March 31, 2008.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The financial institution pooled funds and the mutual funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 3 – Deposits and Investments (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
<u>Governmental Activities:</u>				
Land	19 727 00	-	-	19 727 00
Buildings	39 481 96	-	-	39 481 96
Equipment	6 764 87	-	-	6 764 87
Total	65 973 83	-	-	65 973 83
Accumulated Depreciation	(39 545 34)	(1 295 43)	-	(40 840 77)
Net Capital Assets	26 428 49	(1 295 43)	-	25 133 06

Note 5 – Pension Plan

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes an amount of each employee's annual salary to the plan. The net pension expense for the fiscal year ended March 31, 2008, was \$5,922.72.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 8 – Building Permits

As of March 31, 2008, the Township had building permit revenues of \$5,587.00 and building permit expenses of \$10,171.66.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>122 85</u>	Current Tax Collection	<u>122 85</u>

TOWNSHIP OF GREENDALE
Midland County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	41 684 43	41 684 43	41 687 50	3 07
Other taxes	2 976 46	2 976 46	2 976 46	-
Licenses and permits	8 000 00	8 000 00	9 401 83	1 401 83
State revenue sharing	120 000 00	119 000 00	125 896 51	6 896 51
State grants	70 000 00	51 000 00	50 623 00	(377 00)
Charges for services – PTAF	-	-	2 857 50	2 857 50
Charges for services – other	15 455 00	30 255 00	5 262 57	(24 992 43)
Interest	3 500 00	4 000 00	8 513 46	4 513 46
Miscellaneous	5 420 00	6 920 00	19 442 62	12 522 62
Total revenues	267 035 89	263 835 89	266 661 45	2 825 56
Expenditures:				
Legislative:				
Township Board	5 580 00	6 700 00	6 447 19	(252 81)
General government:				
Supervisor	24 668 00	24 668 00	20 453 89	(4 214 11)
Elections	-	1 250 00	1 218 31	(31 69)
Clerk	9 200 00	9 700 00	9 493 96	(206 04)
Board of Review	1 620 00	2 100 00	1 931 10	(168 90)
Treasurer	12 500 00	12 600 00	12 557 48	(42 52)
Building and grounds	3 840 00	7 040 00	6 381 45	(658 55)
Cemetery	10 084 00	11 189 04	10 407 87	(781 17)
Unallocated	23 500 00	26 500 00	26 425 38	(74 62)
Public safety:				
Fire protection	72 300 00	32 800 00	24 214 00	(8 586 00)
Juvenile justice	70 000 00	51 000 00	50 623 00	(377 00)
Planning and zoning	4 250 00	4 970 72	4 906 38	(64 34)
Inspection	10 359 05	10 359 05	10 171 66	(187 39)
Public works:				
Highways and streets	4 500 00	6 720 00	6 720 00	-
Street lighting	1 200 00	1 200 00	1 177 25	(22 75)
Drains	200 00	200 00	200 00	-
Culture and recreation:				
Library	5 111 00	5 111 00	5 111 00	-
Capital outlay	-	-	-	-
Total expenditures	258 912 05	214 107 81	198 439 92	(15 667 89)
Excess (deficiency) of revenues over expenditures	8 123 84	49 728 08	68 221 53	18 493 45
Fund balance, April 1	-	-	229 244 62	229 244 62
Fund Balance, March 31	8 123 84	49 728 08	297 466 15	247 738 07

TOWNSHIP OF GREENDALE
Midland County, Michigan

BUDGETARY COMPARISON SCHEDULE -SOLID WASTE FUND
Year ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Interest	150 00	150 00	212 06	62 06
Special assessments	<u>106 441 50</u>	<u>106 441 50</u>	<u>90 600 00</u>	<u>(15 841 50)</u>
Total revenues	<u>106 591 50</u>	<u>106 591 50</u>	<u>90 812 06</u>	<u>(15 779 44)</u>
Expenditures:				
Public works:				
Sanitation	<u>74 785 00</u>	<u>74 785 00</u>	<u>72 764 65</u>	<u>(2 020 35)</u>
Total expenditures	<u>74 785 00</u>	<u>74 785 00</u>	<u>72 764 65</u>	<u>(2 020 35)</u>
Excess (deficiency) of revenues over expenditures	31 806 50	31 806 50	18 047 41	(13 759 09)
Fund balance, April 1	<u>-</u>	<u>-</u>	<u>92 031 30</u>	<u>92 031 30</u>
Fund Balance, March 31	<u><u>31 806 50</u></u>	<u><u>31 806 50</u></u>	<u><u>110 078 71</u></u>	<u><u>78 272 21</u></u>

TOWNSHIP OF GREENDALE
Midland County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Township Board:	
Wages	4 140 00
Mileage and expenses	2 307 19
	<u>6 447 19</u>
Supervisor:	
Salary and wages	17 748 00
Deputy	500 00
Supplies	2 065 89
Mileage and expense	140 00
	<u>20 453 89</u>
Elections:	
Wages	998 62
Miscellaneous	219 69
	<u>1 218 31</u>
Clerk:	
Salary and wages	7 200 00
Deputy	500 00
Supplies	1 009 86
Mileage and expenses	784 10
	<u>9 493 96</u>
Board of Review:	
Wages	1 710 00
Miscellaneous	221 10
	<u>1 931 10</u>
Treasurer:	
Salary and wages	7 200 00
Deputy	500 00
Supplies	3 040 40
Mileage and expenses	1 817 08
	<u>12 557 48</u>
Building and grounds:	
Wages	1 355 00
Supplies	1 406 18
Utilities	540 00
Maintenance	3 080 27
	<u>6 381 45</u>
Cemetery:	
Wages	7 355 00
Supplies	200 83
Utilities	402 04
Repairs and maintenance	1 250 00
Mileage and expenses	1 200 00
	<u>10 407 87</u>

TOWNSHIP OF GREENDALE
Midland County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Unallocated:	
Payroll taxes	1 090 11
Legal	7 748 77
Audit	2 000 00
Dues	941 33
Insurance	6 415 00
Pension	5 079 60
Miscellaneous	650 57
West Midland Family Center	2 500 00
	<u>26 425 38</u>
Fire protection	<u>24 214 00</u>
Juvenile justice:	
Contracted services	<u>50 623 00</u>
Planning and zoning:	
Wages	4 350 00
Supplies	77 47
Miscellaneous	478 91
	<u>4 906 38</u>
Inspection:	
Wages	7 269 00
Payroll taxes	105 37
Pension	843 12
Supplies	990 20
Miscellaneous	963 97
	<u>10 171 66</u>
Highways and streets	<u>6 720 00</u>
Street lighting	<u>1 177 25</u>
Drains	<u>200 00</u>
Library	<u>5 111 00</u>
Total Expenditures	<u>198 439 92</u>

TOWNSHIP OF GREENDALE
Midland County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2008

	<u>Balance</u> <u>4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/08</u>
<u>Assets</u>				
Cash in Bank	<u>224 31</u>	<u>1 044 969 24</u>	<u>1 045 070 70</u>	<u>122 85</u>
<u>Liabilities</u>				
Due to other funds	224 31	110 146 35	110 247 81	122 85
Due to others	<u>-</u>	<u>934 822 89</u>	<u>934 822 89</u>	<u>-</u>
Total Liabilities	<u>224 31</u>	<u>1 044 969 24</u>	<u>1 045 070 70</u>	<u>122 85</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

May 29, 2008

To the Township Board
Township of Greendale
Midland County, Michigan

We have audited the financial statements of the Township of Greendale for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Greendale in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Greendale
Midland County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2008.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants